

ALAN S. FUTERFAS

ATTORNEY AT LAW

565 FIFTH AVENUE, 7TH FLOOR

NEW YORK, NEW YORK 10017

(212) 684-8400

ELLEN B. RESNICK
MATTHEW C. McCANN

FACSIMILE: (212) 684-5259

asfuterfas@futerfaslaw.com

BETTINA SCHEIN
OF COUNSEL

May 21, 2015

BY ECF AND FAX

Honorable Alvin K. Hellerstein
United States District Court Judge
Southern District of New York
500 Pearl Street, Room 1050
New York, NY 10007

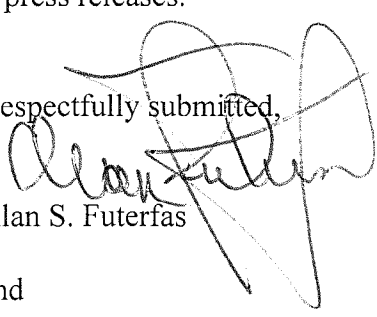
Re: *United States v. Saavedra*, No. 11 Civ. 6425 (AKH)

Dear Judge Hellerstein:

Following the trial held in the above-referenced matter, the jury returned a verdict on April 23, 2015, finding defendant Alex Saavedra ("Defendant") liable for violations of the False Claims Act, 31 U.S.C. §§ 3729, *et seq.* ("FCA"). Pursuant to the Court's directions following the verdict, plaintiff the United States ("Government") and Defendant have sent a joint letter respectfully presenting their respective positions regarding assessing the mandatory civil penalty pursuant to 31 U.S.C. § 3729(a)(1).

In those submissions, both parties reference the press releases of the Government and the Defense. For ease of reference, the parties enclose the press releases.

Respectfully submitted,


Alan S. Futerfas

and

LAW OFFICES OF BETTINA SCHEIN
Bettina Schein
Law Offices of Bettina Schein
565 Fifth Avenue, Seventh Floor
New York, New York 10017
Tel. (212) 880-9417

Counsel for Defendant Alex Saavedra

ALAN S. FUTERFAS

Honorable Alvin K. Hellerstein
United States District Court Judge
May 21, 2015
Page 2

PREET BHARARA
United States Attorney
Southern District of New York

By: /s/ Carina H. Schoenberger

CARINA H. SCHOENBERGER

ELLEN BLAIN

Assistant United States Attorneys

Tel. (212) 637-2822/2743

Fax (212) 637-2702

Counsel for the Government

Encl.



UNITED STATES ATTORNEY'S OFFICE
Southern District of New York

U.S. ATTORNEY PREET BHARARA

FOR IMMEDIATE RELEASE
Friday, April 24, 2015
<http://www.justice.gov/usao/nys>

CONTACT: U.S. ATTORNEY'S OFFICE
James Margolin, Jennifer Queliz
Betsy Feuerstein, Dawn Dearden
(212) 637-2600

**JURY FINDS FORMER MANAGER OF FEDERALLY FUNDED JOB
PLACEMENT CENTERS LIABLE IN CIVIL FRAUD CASE**

Preet Bharara, the United States Attorney for the Southern District of New York, announced today that ALEX SAAVEDRA ("SAAVEDRA"), the former director of two Structured Employment Economic Development Corporation ("SEEDCO") Workforce1 Career Centers, was found liable for violating the False Claims Act (the "FCA") in connection with a federally funded program to provide assistance to unemployed and underemployed New Yorkers. The jury awarded damages to the United States in the amount of \$13,000, which pursuant to the FCA will be trebled to \$39,000. In addition, the FCA provides for a civil penalty of \$5,500 to \$11,000 for each violation. The Court will determine the amount of SAAVEDRA's civil penalty at a later date. The verdict was returned yesterday following a one-week trial before United States District Judge Alvin K. Hellerstein.

Manhattan U.S. Attorney Preet Bharara said: "Federally funded services such as SEEDCO's career centers are meant to help people find jobs and achieve the American dream. Unfortunately, SAAVEDRA cared more about reporting big numbers than being honest. This fraudulent conduct resulted in the misappropriation of federal funds, and made it appear that more New Yorkers were getting help than actually were. Prior to the trial, the Government reached settlements with SEEDCO and six of its former managers for the same fraudulent conduct. Now a jury has found the last defendant, the highest ranking Workforce1 Center employee, liable as well. This Office will not hesitate to pursue companies and individuals who fraudulently exploit public funding. This verdict and this case underscore that individuals, as well as entities, responsible for fraud must be held accountable."

According to the evidence presented at trial:

SEEDCO received federal funding to operate Workforce1 Career Centers (the "WF1 Centers") in Upper Manhattan and the Bronx. These WF1 Centers provided, among other things, employment training and job placement assistance. In order to receive federal funding for its WF1 Centers, SEEDCO was required to report its job placement performance through a database maintained by the New York City Department of Small Business Services ("SBS"), called WorkSource1. The information was necessary for the calculation of performance-based payments under the federal program.

From 2009 to 2011, SAAVEDRA, as WF1 Center director, caused the entry of false placements into WorkSource1 to make it appear that job candidates had obtained jobs by or with the involvement of SEEDCO when, in fact, they had not. These false placements resulted in performance payments, with federal funds, that SEEDCO had not earned. SAAVEDRA was present at internal all-staff meetings during which this scheme was discussed and, on at least one occasion, instructed a SEEDCO employee to report false placements.

Mr. Bharara thanked the United States Department of Labor, Office of Labor Racketeering and Fraud Investigations, for its assistance in the case. He also thanked the United States Department of Labor Employment and Training Administration, the New York City Department of Investigation, and the New York City Department of Small Business Services.

This case is being handled by the Office's Civil Frauds Unit. Assistant United States Attorneys Carina H. Schoenberger and Ellen Blain are in charge of the case.

15-107

###

FOR IMMEDIATE RELEASE

From:

Law Offices of Bettina Schein
565 Fifth Avenue, 7th Floor
New York, NY 10017
Tel: (212) 880-9417
Fax (212) 856-9494
BettinaScheinlaw@aol.com

Law Offices of Alan S. Futerfas
565 Fifth Avenue, 7th Floor
New York, NY 10017
Tel: (212) 684-8400
Fax: (212) 856-9494
Cell phone: (917) 971-5697
asfuterfas@futerfaslaw.com
www.futerfaslaw.com

Re: United States v Alex Saavedra

On behalf of Alex Saavedra, the former Director of two SEEDCO Workforce1 centers, we are gratified by the verdict delivered by the jury yesterday. The government had alleged “hundreds, if not thousands” of false job placements and damages in the amount of “tens of millions of dollars.” After hearing all of the evidence, the jury found that the government proved just 13 false placements out of more than 7,000 job-seekers who were placed in 2011 alone, and out of the more than 30,000 job-seekers placed by SEEDCO since 2004. For those 13 false placements, they found \$13,000 in damages.

This verdict is a very significant vindication of the many hard-working SEEDCO employees, including Mr. Saavedra, who dedicated their professional lives to creating economic opportunities for their community and to assisting those in need.

Bettina Schein
Alan S. Futerfas